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ABSTRACT

State universities and land-grant colleges in the South reported greater tuition and required fee increases than their counterparts in any other region last year. These trends cause debates between those who favor a policy of very low tuition in the public sector and those who see large tuition increases simply as a matter of "catching up" by universities in a number of southern states. The main tuition issue that surfaces is how to regularize tuition adjustments to keep up with the regular increases that generally prevail for other sources of institutional income. This report has two purposes: to provide a selection of facts about trends and current characteristics of tuition practice in public institutions of the Southern Regional Education Board (SREB) states: and address those facts to present a rationale for policies of systematic tuition adjustment. Among the highlights are that: (1) tuition and required fees at public colleges and universities have risen substantially in recent years, but these increases generally have been in the nature of delayed "catch up" actions and have not kept pace with rising per capita personal income; (2) non-resident tuition and fees are generally about three times greater than resident tuition and fees: and (3) graduate tuition and fees in the South, unlike those in the nation, tend to differ relatively little from undergraduate tuition and fees. (Author/LC)

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Tuition Policy For The Eighties

E. F. Schietinger

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SREB

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Southern Regional Education Board

HIGHLIGHTS

1. Tuition and required fees at public colleges and universities in the South have risen substantially in recent years, but these increases have generally been in the nature of delayed "catch up" actions and have not kept pace with rising per capita personal income.

2. In the United States the proportion of instructional costs which is supported by tuition and fees in recent years has remained steady at about 23 percent in universities, 19 percent in other four-year institutions, and 17 percent in two-year institutions.

3. As a proportion of total costs to the student, resident undergraduate tuition and fees in public four-year institutions of the South range from 12 percent in a major state university in Texas to 33 percent in a "regional" college in Virginia.

4. Non-resident tuition and fees are generally about three times greater than resident tuition and fees.

5. Graduate tuition and fees in the South, unlike those in the nation, tend to differ relatively little from undergraduate tuition and fees.

6. While the tuition gap between public and private institutions has grown in current dollar terms, the ratio of private to public tuition and fees has not widened nearly as much as may be generally supposed and today still averages about four or five to one.

7. While the laws about who sets tuition charges have not changed, the practice has, and the actual determination of tuition has become a de facto function of state government funding in more and more states. In this atmosphere of state government initiatives, it is natural that many states are moving toward regularizing tuition increases.

8. Some states adhere to comprehensive definitions of tuition policy and require periodic reviews and analyses of tuition practice. At least one state in the Southern region--Kentucky--follows a practice of benchmarking tuition and fees to the levels charged by selected peer groups of institutions in other states.

9. A number of states have initiated procedures for determination of tuition by an agreed-upon yardstick intended to provide greater equity in the distribution of increasing costs, either by an external measure like the Higher Education Price Index or by an internal yardstick, such as a percentage of instructional costs, as practiced in Virginia.

FOREWORD

Twenty years ago, the Southern Regional Education Board published a debate between two distinguished educators entitled "Is Higher Tuition the Answer?" At that time, in the nation, the share of current revenues for public higher education which came from student fees was a little over 12 percent. During the past two decades, much has been said and written on the subject. However, the tuition share of revenue for public higher education remains virtually unchanged--at 13 percent.

The debates about high or low tuition and about tuition differentials have usually ended only in decisions for the short term. They have rarely produced policies to guide tuition decisions for years ahead.

The author of this analysis concludes that this situation may be changing, and that whatever the theoretical arguments about tuition, the tenor of the times suggests tuition policy which, at the very least, takes inflation into account. It is contended that universities will benefit if a more stable pattern of tuition charges can be achieved, and students will not be forced to deal with an unpredictable policy. Leaders in state government and higher education will follow with keen interest whether those states which adopt policies of indexing tuition in one way or another can demonstrate that these practices do result in greater effectiveness and equity in financing.

Winfred L. Godwin
President

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TUITION POLICY FOR THE EIGHTIES

State universities and land-grant colleges in the South reported greater tuition and required fee increases than their counterparts in any other region last year. In 1979-80, the South had averaged fees of $602, but last fall, the Southern median rose to $729, so that the West replaced the South as the region with the lowest cost.* Meanwhile, double-digit increases for a number of Southern states have already been announced for 1981-82.

These trends may be alarming to those who favor a policy of very low tuition in the public sector. Others may see these large tuition increases simply as a matter of "catching up" by universities in a number of Southern states--Arkansas with a $140 increase, Georgia with a $177 rise, South Carolina with a $233 jump. From this perspective, the main tuition issue may be how to regularize tuition adjustments to keep up with the regular increases which generally prevail for other sources of institutional income.

This report is intended to serve two purposes. First, it provides a selection of facts about trends and current characteristics of tuition

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*National Association of State Universities and Land-Grant Colleges (NASULGC).

practice in public institutions of the SREB states. Second, it addresses those facts in a sequence which advances a rationale for policies of systematic tuition adjustment.

The term "tuition" refers to the basic general charge which all students are required to pay as a condition of attending an institution. In this report it is sometimes broadly used to include those "required fees' which are additional charges to all students, such as student activity fees.

TUITION AS A COST TO THE STUDENT

How much of the cost of education beyond the high school should be paid for by society and how much by the individual? This is the theoretical question underlying tuition decisions. The interplay of political, economic, and historical factors which actually determines tuition varies from state to state and between institutional categories. It is generally accepted that tuition at public institutions should be substantially lower than at private institutions. But today, more than ever before, the concept of "low-cost" public education also implies more than nominal payment of tuition by the individual.

To measure tuition costs against some common standard, the yardstick of per capita personal income is helpful--How much of an average person's income is required to cover tuition and fees? As a percent of per capita annual income, tuition in the Southern region varies from an average of 4.6 percent in community colleges to 8.3 percent in state universities (Table 1). Levels by states show a range from 1.6 percent of per capita income for tuition at two-year institutions in North Carolina to 14.1 percent at the University of Mississippi.

TABLE 1

Resident Undergraduate Tuition and Fees, as a Percent of Per Capita Personal Income, SREB States, 1979

	Large Public Doctoral Universities	Two-Year Public Institutions
Alabama	9.8%	5.0%
Arkansas	6.8	4.1
Florida	8.7	5.0
Georgia	9.1	5.6
Kentucky	7.7	5.3
Louisiana	7.5	4.5
Maryland	9.2	5.1
Mississippi	14.1	4.9
North Carolina	7.9	1.6
South Carolina	12.7	4.8
Tennessee	7.5	3.5
Texas	4.5	2.5
Virginia	10.2	3.5
West Virginia	6.5	3.8
SREB States	8.3	4.6

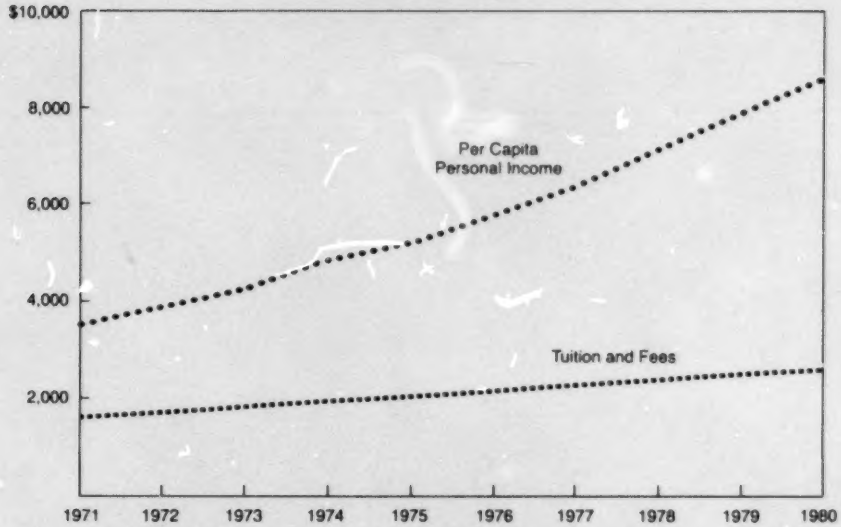
Source: SREB, Fact Book on Higher Education in the South, 1979 and 1980.

Over the past decade, the rate at which tuition and fees have increased at public universities in the South has been greatly outdistanced by rising levels of per capita income. Median level of annual tuition and fees at public universities rose from $398 ($1,592 for four years) in 1971 to $643 ($2,572 for four years) in 1980 (Figure 1). During that period of 62 percent increase in tuition, per capita income advanced from $3,570 to $8,597, or 141 percent.

Tuition, of course, accounts for only a fraction of total student costs. The largest part of those costs--the foregone income which the student sacrifices by the decision to attend a postsecondary educational institution rather than to pursue gainful employment--is frequently disregarded in calculating the cost of college attendance. Tables 2 through 5 present tuition and fees as a percentage of total college costs, excluding foregone income from consideration.

FIGURE 1

Per Capita Personal Income, Four Years of Tuition and Fees at Public Universities, SREB States, 1971-1980



Sources: SREB, *Fact Book* and 1981 update of *Resident and Non-Resident Undergraduate and Graduate Tuition and/or Required Fees, Public Universities, Colleges and State Universities and Community Colleges* (Olympia: Washington Council for Postsecondary Education).

The first of these tables displays the share of tuition in the total cost to students attending a representative doctoral university in each of the SREB states. That share, which ranges from 12 percent in one state university to more than 26 percent in another, and the range of tuition itself, do not necessarily correspond to the differences which are of much greater importance to the average student, namely, variations in the total costs. That institution in Table 2 where tuition accounts for the lowest share of cost (the University of Texas at Austin) happens also to be the most expensive institution in terms of total student costs. These estimates of total costs include an item called "other expense," so there is a problem in determining the out-of-pocket expenditures of the average student; Tables 2, 3, 4, and 5 reflect the institutional estimates of those expenses, usually in the neighborhood of $500 ($1,000 at the University of Texas).

TABLE 2

Resident Undergraduate Tuition and Fees as a Percent of Student Costs, Representative Public Doctoral Universities, SREB States

	Total Cost to Student[a]	Tuition and Fees	Tuition and Fees as a Percent of Cost
South Carolina	$3,375	$890	26.4
Mississippi	3,379	879	26.0
Virginia	3,529	909	25.8
Alabama	2,785	660	23.7
Maryland	3,942	842	21.4
Kentucky	3,275	682	20.1
Arkansas	3,140	600	19.1
Florida	3,945	740	18.8
Georgia	4,086	753	18.4
Tennessee	3,402	597	17.6
North Carolina	3,650	576	15.8
Louisiana	3,664	564	15.4
West Virginia	3,182	482	15.2
Texas	4,200	520	12.1
SREB States	3,420	671	19.6

[a]Tuition and fees, books and supplies, room and board, transportation, and "other expenses." Adapted from College Entrance Examination Board, The College Cost Book, 1980-81. Data for 1979-80.

TABLE 3

Resident Undergraduate Tuition and Fees as a Percent of Student Cost, Representative "Regional" Universities, SREB States

	Total Cost to Student[a]	Tuition and Fees	Tuition and Fees as a Percent of Cost
Virginia	$3,430	$1,114	32.5
Georgia	2,435	605	24.8
Maryland	3,386	826	24.4
Alabama	2,472	600	24.3
Arkansas	2,490	600	24.0
Mississippi	3,213	674	21.0
North Carolina	3,000	625	20.8
Florida	3,846	743	19.3
South Carolina	3,315	590	17.8
Louisiana	3,127	548	17.5
Kentucky	3,050	520	17.1
Tennessee	3,000	500	16.7
West Virginia	2,736	348	12.7
Texas	3,300	400	12.1
SREB States	3,170	600	18.9

[a]Tuition and fees, books and supplies, room and board, transportation, and "other expenses." Adapted from College Entrance Examination Board, The College Cost Book, 1980-81. Data for 1979-80.

TABLE 4

Resident Undergraduate Tuition and Fees as a Percent of Student Costs, Representative 2-Year Public Institutions, SREB States

	Total Cost to Student[a]	Tuition and Fees	Tuition and Fees as a Percent of Cost
Kentucky	$1,100	$390	35.4
Mississippi	995	300	30.2
Maryland	1,880	520	27.7
Georgia	1,689	444	26.6
Louisiana	1,383	320	24.6
Florida	2,400	500	20.8
Virginia	1,893	303	16.0
West Virginia	2,050	284	13.9
Alabama	2,200	300	13.6
Arkansas	2,200	280	12.7
South Carolina	2,700	300	11.1
Tennessee	2,675	270	10.1
Texas	1,894	154	8.1
North Carolina	2,245	135	6.0
SREB States	1,972	300	15.2

[a]Tuition and fees, books and supplies, transportation, and "other expenses," but does not include room and board. Adapted from College Entrance Examination Board, The College Cost Book, 1980-81. Data for 1979-80.

TABLE 5

Resident Undergraduate Tuition and Fees as a Percent of Student Costs, Representative Public Traditionally Black Institutions, SREB States

	Total Cost to Student[a]	Tuition and Fees	Tuition and Fees as a Percent of Cost
Mississippi	$2,508	$744	29.7
North Carolina	2,502	683	27.3
Virginia	3,729	979	26.3
South Carolina	2,690	690	25.7
Maryland	3,612	906	25.1
Arkansas	2,414	600	24.9
Louisiana	1,930	470	24.4
Georgia	2,619	624	23.8
Kentucky	2,680	580	21.6
Tennessee	2,713	554	20.4
Alabama	2,900	598	20.1
Florida	3,856	675	17.5
West Virginia	2,592	418	16.1
Texas	3,092	452	14.6
SREB States	2,685	612	22.8

[a]Tuition and fees, books and supplies, room and board, transportation, and "other expenses." Adapted from College Entrance Examination Board, The College Cost Book, 1980-81. Data for 1979-80.

Room and board, which are more readily estimated, and also less visible, account for the largest part of the average student budget. The pattern of expenditure, in ranges and in magnitudes, is much the same for "regional" universities and predominantly black institutions as for state universities (Tables 3 and 5).

The costs shown in Table 4 at representative two-year colleges are based on the assumption that these are commuter institutions, therefore, charges for room and board are excluded. Total costs, as well as tuition and fees, are invariably less at two-year than at four-year institutions in all 14 states. However, tuition charges at four-year institutions in states with low tuition do overlap with those at two-year institutions in other states where student charges are relatively higher.

TUITION AS A SOURCE OF INSTRUCTIONAL INCOME

Tuition and fees are one of the major sources of current fund revenues for institutions. For most states, tuition and required fees are used primarily as "instructional income." Two major exceptions in the SREB region are the states of South Carolina and West Virginia. In South Carolina, for example, in 1979-80, the proportion of tuition and fees which was expended for educational and general purposes ranged from 19 percent at the Medical University of South Carolina to 100 percent at auxiliary campuses of the University of South Carolina. At most of South Carolina's collegiate institutions the proportion of student fees going to debt service, capital expenditures, and auxiliary enterprises amounted to roughly one-third. In West Virginia, the proportion used for other than educational and general

is even greater. Florida also applies some tuition income to non-instructional purposes.

Comparing state operational appropriations per student with tuition per student is useful to gauge the split between the individual and the public contribution to higher educational support in a given state (Table 6). However, the fact that a high proportion of the $890 tuition and fees paid by a student at the University of South Carolina does not pay for instructional costs may be of no direct interest to the student; student fees spent on capital outlay, for example, may be viewed as potentially freeing up, for operational purposes, state funds which would otherwise be needed for capital outlay.

From the institutional point of view, it is convenient to relate annual tuition increases to changes in the National Institute of Education's Higher Education Price Index (HEPI). This measure, designed along the lines of the

TABLE 6

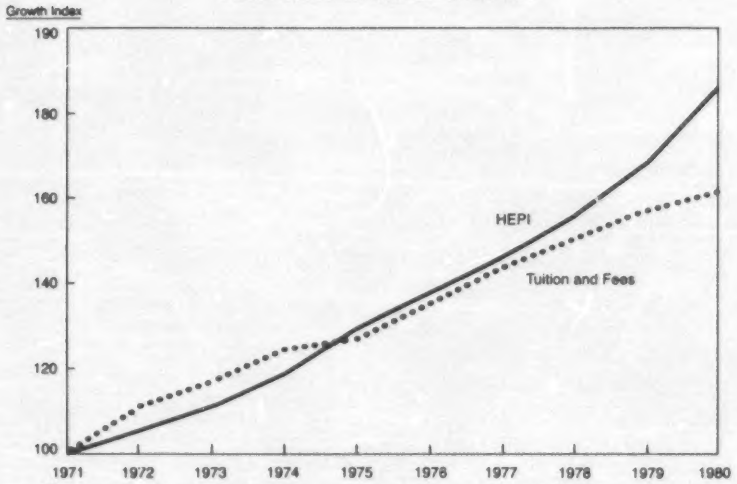
Undergraduate Resident Tuition and Fees as a Percent of Operational Appropriations Per Student, Large Public Doctoral Universities, SREB States, 1979-80

	Appropriations Per Student	Undergraduate Tuition and Fees	
		Dollars	As Percent of Appropriations
Alabama	$2,226	$682	30.6
Arkansas	2,332	460	19.7
Florida	2,855	742	26.0
Georgia	3,313	681	20.6
Kentucky	2,479	562	22.7
Louisiana	2,273	564	24.8
Maryland	3,064	842	27.5
Mississippi	2,472	868	35.1
North Carolina	NA	579	--
South Carolina	3,309	890	26.9
Tennessee	2,360	558	23.6
Texas	3,074	387	12.6
Virginia	2,789	875	31.4
West Virginia	3,103	482	15.5

Source: SREB Data Exchange.

FIGURE 2

Higher Education Price Index (HEPI), Tuition and Fees at Public Universities, SREB States, 1971-1980



Sources: *Business Officer*, October 1980 and Washington Council for Postsecondary Education.

Consumer Price Index (CPI), emphasizes those expenditures which characterize the operation of a college campus. For example, the greater weight assigned to utility costs reflects the relative importance of those costs on a campus. In recent years the annual rate of increase in the HEPI has lagged behind that of the CPI. Since 1974, increases in tuition and fees at public universities in the South have not even kept pace with the HEPI increases (Figure 2).

Knowing how much current fund revenues from tuition and fees, in the aggregate, contribute to the costs of instruction should be useful. The costs in Tables 7 and 8 are defined as "educational and general expenditures" minus student aid, organized research, and public service expenditures. In addition to "instruction," these expenditures include "academic support," "student services," "institutional support," and "operation and maintenance of plant." This combination has sometimes been called "student education" expenditures.

TABLE 7

Revenue from Tuition and Fees as a Percent of Instructional Costs, Public Universities, 1976, 1977, 1978, and 1979

	1975-76	1976-77	1977-78	1978-79
United States	23.7%	23.4%	23.7%	23.3%
SREB States	19.3	19.7	19.2	18.2
Alabama	24.4	21.8	21.2	21.4
Arkansas	25.9	23.3	25.0	25.7
Florida	15.9	18.9	17.1	14.2
Georgia	22.2	21.3	18.8	17.2
Kentucky	18.3	17.2	17.2	16.7
Louisiana	22.9	25.5	25.9	27.0
Maryland	33.3	30.9	32.7	30.7
Mississippi	31.3	32.7	29.0	27.3
North Carolina	15.9	15.8	15.8	13.2
South Carolina	15.7	16.8	16.4	16.3
Tennessee	25.7	24.7	25.0	22.2
Texas	13.4	13.9	13.9	14.4
Virginia	25.8	26.9	25.4	22.7
West Virginia	8.1	7.3	8.7	14.6

Source: HEGIS reports on Financial Statistics of Higher Education, including preliminary data for 1978-79.

TABLE 8

Revenue from Tuition and Fees as a Percent of Instructional Costs, Public 4-Year Institutions Other than Universities; 2-Year Institutions, 1976, 1977, 1978, and 1979

	1975-76	1976-77	1977-78	1978-79
4-Year Institutions other than Universities				
United States	18.8%	19.5%	18.9%	18.2%
SREB States	19.8	19.1	18.5	17.5
2-Year Institutions				
United States	17.1	17.9	17.0	16.6
SREB States	20.3	20.0	18.9	17.7

Source: HEGIS reports on Financial Statistics of Higher Education, including preliminary data for 1978-79.

Over the last four years tuition and fees have remained on a steady plateau, nationally, in relation to these "student education" costs. In the Southern region, a slight decline in the contribution of tuition and fees is evident in all three categories of institutions--universities, other four-year institutions, and two-year institutions. In 1978-79, one state (West Virginia) experienced a major drop in tuition at its two-year

institutions and a major increase in tuition income at its four-year institutions; this is an aberration resulting from a redefinition in reporting and does not affect the overall generalization on regional and national trends.

FINANCIAL AID AS AN OFFSET TO TUITION AND FEES IN THE BUDGET OF THE STUDENT

In an era when "access" is a key concept in the assessment of adequacy in public higher education, it is commonplace to couple recommendations for increases in tuition levels with measures aimed at stepping up financial aid, to offset the financial barrier of increased tuition.

To a certain extent, this becomes a question of "chicken or egg," since there is a widely held theory that the infusion of financial aid actually functions as a causal factor in pushing up levels of tuition. Professor Larry L. Leslie of the Center for the Study of Higher Education at the University of Arizona maintains this to be generally the case, except where tuition indexing as a percentage of costs locks in the setting of tuition levels and, thereby, removes it from the sphere of decision making. According to his national comparisons of tuition and financial aid, between 1964 and 1977 two accelerations of need-based federal student aid occurred and significantly affected the tuition levels generally charged by public institutions--the first following passage of the Johnson Administration education programs, and the second coinciding with the Higher Education Amendents of 1972.

Tuition and fees at traditionally black institutions are often slightly higher than at counterpart traditionally white institutions, and this may

lend some credence to the general theory that availability of financial aid funds may affect tuition levels. Although the tuition differences between comparable white and black institutions which occur in a number of SREB states are not large, even slightly higher tuition charges at black institutions may appear as anomalous in view of the differences in average family income of black students and the consequence that student financial assistance is often more widespread at predominantly black institutions. This may relate to the possibility that federally-funded student financial aid at these institutions--like state-financed student aid for private colleges in some states--can be a means of augmenting the volume of public funds for institutional support (Tables 3 and 5).

An additional hypothesis, that higher charges of tuition will result in correspondingly higher levels of student aid by states, is hardly borne out by the facts in the Southern states (Table 9). In the first place, the volume of available state aid is greatly overshadowed by federal aid; in 1979-80, the average Southern state provided $25 per student in financial aid for both the public and private sectors, compared with $140 per student in the public sector from just one major federal source of assistance, the Basic Educational Opportunity Grants (BEOGs) or Pell Grants. Second, the amount of aid which is made available by a state bears no significant relationship to the magnitude of tuition and fees in that state. It should be noted, however, that the average awards of state aid are sizable enough so that, if efficiently administered, their availability can be the decisive factor in determining, for a particular target group of people, whether they enroll in postsecondary institutions.

TABLE 9

Tuition and Fees, Public Universities, Displayed with Selected Information on Student Financial Aid, SREB States, 1979-80

	Tuition	BEOGs Per Student in Public Sector	Total Need-Based State Aid		
			Dollars Per Student	Percent Dollars to Public Sector	Average Award
South Carolina	$890	$146	$81	3	$1,388
Mississippi	868	270	11	58	504
Virginia	875	76	14	65	270
Maryland	842	100	25	70	452
Florida	742	127	26	45	867
Alabama	682	173	15	73	300
Georgia	681	137	19	71	249
North Carolina	579	133	12	65	569
Louisiana	564	183	6	75	415
Kentucky	562	127	39	47	390
Tennessee	558	125	31	39	559
West Virginia	482	85	37	48	623
Arkansas	460	188	15	65	276
Texas	387	95	27	16	703

Source: National Association of State Universities and Land-Grant Colleges, student charges survey; SREB, Fact Book on Higher Education in the South, 1979 and 1980, Table 40; National Association of State Scholarship and Grant Programs, 11th Annual Survey 1979-80 Academic Year.

TUITION DIFFERENTIALS

Resident and Non-Resident Differentials

The issue of whether states should impose non-resident fees and, if so, how large these should be is less widely debated today than during the Sixties. There appear to be fewer concerns about maintenance of access across state lines and of a threat of "the parochial" to campuses which are denied a significant mixture of out-of-state students. While educational reasons for stressing these issues continue to be valid, the argument of greater public responsibility for the postsecondary education of a state's own residents versus out-of-state students is impressive to many decisions makers. Also, the length of time required to establish state residency has been shortened since the early 70s, so that there are relatively smaller numbers of inmigrating students who are not able to

meet the state requirements. Currently, out-of-state students at four-year institutions in most SREB states are required to pay non-resident charges which average about three times the fees of residents. For community colleges, the ratio is more nearly on the order of 2.7 to 1. Tables 10 through 13 provide information on specific differentials, by type of institution, in each state.

Although there might appear to be institutional advantages to lowering out-of-state fees in the circumstance of declining enrollment which higher education now faces in many locations, this argument could prove overriding

TABLE 10

Median Annual Tuition and Required Fees for Resident and Non-Resident Undergraduate Students, Public Doctoral Institutions, 1980-81, SREB States; Regional Increases 1979-80 to 1980-81

	Group I[a]		Group II[b]	
	Resident	Non-Resident	Resident	Non-Resident
Alabama	$ 743	$1,535	$ 771	$1,125
Arkansas	600	1,430	--	--
Florida	744	2,048	761	2,336
Georgia	828	2,304	875	2,525
Kentucky	682	2,032	670	2,000
Louisiana	569	1,499	574	1,201
Maryland	884	2,689	--	--
Mississippi	--	--	930	1,780
North Carolina	590	2,302	625	2,343
South Carolina	1,040	2,220	1,210	2,488
Tennessee	624	1,848	510	1,734
Texas	451	1,531	410	1,490
Virginia	1,008	2,161	1,093	1,913
West Virginia	492	1,512	--	--
SREB Region:				
1980-81	682	2,032	771	1,913
1979-80	579	1,692	743	1,742
One-Year Percent Increase	17.8	20.1	3.8	9.8

Regional entries are medians of the state figures.
[a]Institutions awarding at least 100 doctorates per year.
[b]Institutions awarding less than 100 doctorates per year.

Source: National Association of State Universities and Land-Grant Colleges; American Association of State Colleges and Universities. Information missing from the above sources was collected directly from the institutions.

TABLE 11

Median Annual Tuition and Required Fees for Resident and Non-Resident Undergraduate Students, Public Non-Doctoral Institutions, 1980-81, SREB States; Regional Increases, 1979-80 to 1980-81

	Master's Level		Bachelor's Level	
	Resident	Non-Resident	Resident	Non-Resident
Alabama	$640	$ 782	$675	$1,350
Arkansas	600	1,130	600	1,130
Florida	743	2,318	--	--
Georgia	636	1,569	608	1,562
Kentucky	580	1,490	--	--
Louisiana	549	1,220	494	1,124
Maryland	855	1,851	880	1,855
Mississippi	750	1,600	--	--
North Carolina	576	2,276	583	2,130
South Carolina	850	1,603	770	1,760
Tennessee	565	1,787	--	--
Texas	362	1,463	372	1,632
Virginia	994	1,632	815	1,498
West Virginia	322	1,327	372	1,312
SREB Region:				
1980-81	618	1,584	604	1,530
1979-80	563	1,461	512	1,333
One-Year Percent Increase	9.8	8.4	18.0	14.8

Regional entries are medians of the state figures.

Source: National Association of State Universities and Land-Grant Colleges; American Association of State Colleges and Universities. Information missing from the above sources was collected directly from the institutions.

only where institutions may readily draw upon residents of states where declining enrollment is a much lesser problem. One move to deal with out-of-state differentials is seen in Alabama, where a tradition of low or no non-resident fees at "regional" universities has been challenged by the state higher education agency.

Differentials Between Levels of Education

The rationale for differentials between resident and non-resident fees primarily concerns issues of variation in public responsibility for the education of different classes of students--in state and out-of-state. Graduate/undergraduate differentials, on the other hand, raise basic questions of difference in the respective costs of education. Studies of cost

differences between undergraduate and graduate education range widely by discipline and according to the completeness of cost factors taken into consideration, but fair consensus exists that even the less expensive programs of doctoral education are generally at least three times as costly as undergraduate education. Tuition differentials between the two levels, on the other hand, range from zero to a ratio of as much as 1.5. The small tuition differentials in the face of the large cost differences reflect the philosophy which has historically characterized higher education--institutions have generally tried to strike an average between high- and low-cost

TABLE 12

Median Annual Tuition and Required Fees for Resident and Non-Resident Graduate Students by Groups, 1980-81, SREB States; Regional Increases, 1979-80 to 1980-81

	Group I[a]		Group II[b]		Group III[c]	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Alabama	$ 743	$1,175	$ 825	$1,020	$ 720	$ 725
Arkansas	600	1,430	--	--	600	1,212
Florida	881	2,321	792	2,232	792	2,232
Georgia	710	1,918	875	2,525	636	1,569
Kentucky	752	2,132	740	2,000	614	1,640
Louisiana	569	1,069	571	1,173	560	1,190
Maryland	1,320	2,400	--	--	1,234	1,234
Mississippi	--	--	930	1,780	750	1,600
North Carolina	589	2,300	625	2,343	583	2,283
South Carolina	1,040	1,040	912	912	850	1,603
Tennessee	705	1,929	600	1,824	656	1,878
Texas	399	1,257	382	1,038	320	970
Virginia	1,064	1,744	1,131	1,775	900	1,320
West Virginia	522	1,562	--	--	337	1,352
SREB Region:						
1980-81	710	1,744	792	1,780	646	1,460
1979-80	632	1,593	752	1,476	570	1,393
Percent Increase	12.3	9.5	5.3	20.6	13.3	4.8

Regional entries are medians of the state figures.
[a]Institutions awarding at least 100 doctorates per year.
[b]Institutions awarding less than 100 doctorates per year.
[c]Master's level institutions.

Source: National Association of State Universities and Land-Grant Colleges; American Association of State Colleges and Universities. Information missing from the above sources was collected directly from the institutions.

TABLE 13

Median Annual Tuition and Fees Required for Resident and Non-Resident Students, Community Colleges SREB States, 1980-81

	Median Tuition and Fees	
	Resident	Non-Resident
Alabama	$400	800
Arkansas	286	552
Florida	420	870
Georgia	540	1,420
Kentucky	320	1,000
Louisiana	350	980
Maryland	529	2,016
Mississippi	320	450
North Carolina	140	615
South Carolina	360	690
Tennessee	309	1,533
Texas	183	522
Virginia	342	1,140
West Virginia	284	1,220
SREB Region:		
1980-81	346	925
1979-80	320	807
One-Year Percent Change	+8.1	+14.6

Source: SREB Data Exchange.

programs when determining the charge for tuition. Thus, the high per-unit costs of a classics program, in which only a handful of students are enrolled, are balanced against the low per-unit costs of an English composition course in which all students are required to enroll.

In an era of developing fiscal stringencies, there is a temptation to abandon this philosophy of pricing and to pass on cost differences of programs to student charges. Total application of such a philosophy would likely lead to a substantial reduction of enrollments for very expensive programs and, even where only partially applied, the damange to program vitality might well be prohibitive for many program areas.

Other than at the professional level, there is little movement toward variable pricing among disciplines, but current sentiment appears headed toward larger differentiation in charges between graduate and undergraduate programs. Comparison of current statistics on graduate and undergraduate charges sometimes actually reveals a lesser charge at the graduate level. This results from the circumstance that, in terms of credit-hours, graduate study generally involves a smaller load.

Tables 14 through 17 depict recent tuition trends in major areas of professional education in the Southern states. In these fields the practice of passing on a larger volume of costs to the student has a longer history than in the arts and sciences. Whether or not this implies a difference in the share of costs which is borne by the student is problematical since these programs may be very expensive.

TABLE 14

Resident Law School Tuition and Fees, Major Public Universities, SREB States, 1979-1981

	1978-79	1979-80	1980-81
Alabama	$ 868	$1,065	$1,065
Arkansas	460	460	600
Florida	822	822	828
Georgia	753	798	1,082
Kentucky	700	712	932
Louisiana	834	944	963
Maryland	1,320	1,500	1,645
Mississippi	200	300	1,254
North Carolina	557	604	626
South Carolina	732	732	1,040
Tennessee	540	591	720
Texas	396	418	432
Virginia	1,151	1,199	1,484
West Virginia	489	512	522
SREB States	716	722	948

Source: National Association of State Universities and Land-Grant Colleges, student charges survey.

TABLE 15

Resident Medical School Tuition and Fees,
Major Public Universities,
SREB States, 1979-1981

	1978-79	1979-80	1980-81
Alabama	$1,275	$1,293	$1,650
Arkansas	1,370	1,570	2,005
Florida	1,350	1,350	1,350
Georgia	1,155	1,215	1,701
Kentucky	1,200	1,497	1,832
Louisiana	1,000	1,200	1,400
Maryland	2,082	2,732	2,956
Mississippi	1,255	1,655	1,853
North Carolina	988	1,035	1,057
South Carolina	1,380	1,380	1,580
Tennessee	1,458	1,581	2,175
Texas	697	771	834
Virginia	2,764	2,799	3,117
West Virginia	543	566	576
SREB States	1,275	1,365	1,615

Source: National Association of State Universities and Land-Grant Colleges, student charges surveys and The Journal of the American Medical Association.

TABLE 16

Resident Dental School Tuition and Fees, Major Public Universities,
SREB States, 1979-1981

	1978-79	1979-80	1980-81
Alabama	$1,290	$1,290	$1,650
Arkansas[a]	--	--	--
Florida	1,350	1,350	1,350
Georgia	1,155	1,215	1,701
Kentucky	1,200	1,497	1,582
Louisiana	1,000	1,200	1,400
Maryland	2,082	2,522	2,756
Mississippi	1,255	1,655	2,243
North Carolina	1,023	1,070	1,097
South Carolina	1,440	1,440	1,775
Tennessee	1,458	1,581	1,935
Texas	400	400	403
Virginia	2,502	2,727	2,730
West Virginia	543	566	576
SREB States	1,272	1,350	1,616

[a]Arkansas has no dental school.

Source: National Association of State Universities and Land-Grant Colleges, student charges surveys and annual reports, American Dental Association.

TABLE 17

Resident Veterinary Medical Tuition and Fees, Major Public Universities, SREB States, 1979-1981

	1978-79	1979-80	1980-81
Alabama	$ 900	$ 900	$1,020
Arkansas[a]	--	--	--
Florida	1,350	--	1,350
Georgia	813	861	1,167
Kentucky[a]	--	--	--
Louisiana	1,023	1,032	1,037
Maryland	--	--	--
Mississippi	1,064	1,430	1,596
North Carolina[b]	--	--	--
South Carolina[a]	--	--	--
Tennessee	660	750	1,035
Texas	574	574	574
Virginia	--	--	2,487
West Virginia[a]	--	--	--
SREB States	900	881	1,102

[a]States lacking veterinary schools.
[b]First class of North Carolina school begins in Fall, 1981.

Source: National Association of State Universities and Land-Grant Colleges, student charges surveys.

Differentials Between Sectors

Leaders in higher education are keenly interested in the differential between tuition at public and independent institutions. Contrary to conventional wisdom, the ratio of charges between the sectors has changed very little over the last 15 years (Table 18). That ratio of between 4 and 5 to 1 becomes a matter of considerable moment in debates on state policies of tuition equalization aimed at preservation of the private sector. Undoubtedly, such action by states has been conducive to the financial health of non-public institutions. Whether they have resulted in a reduction in the tuition gap between the sectors may be a matter of dispute. The Legislative Tuition Grants in North Carolina, for example, appear to have had some dampening, but not dramatic, effect upon a widening gap in the ratio of private to public tuition (Table 19).

TABLE 18

Average Tuition and Required Fees in Constant Dollars (1976-77)
By Type of Institution and Control, U.S., Selected Years

	All	University	Other 4-Year	2-Year
1963-64				
Public	$ 445	$ 534	$ 409	$ 184
Non Public	1,925	2,313	1,778	1,221
Ratio	4.3	4.3	4.3	6.6
1970-71				
Public	519	706	490	286
Non Public	2,489	2,926	2,368	1,639
Ratio	4.8	4.1	4.8	5.9
1976-77				
Public	550	692	570	382
Non Public	2,564	3,139	2,381	1,620
Ratio	4.7	4.5	4.2	4.2
1980-81				
Public	563	711	595	414
Non Public	2,629	3,271	2,446	1,631
Ratio	4.7	4.5	4.1	3.9

Source: National Center for Education Statistics, Projections of Education Statistics to 1986-87.

TABLE 19

North Carolina Public and Private Tuition and Fees and Measures
of the Tuition Gap, 1967-68 to 1979-80

	In-State Tuition and Fees			Dollar Difference	
Academic Year	UNC Average	Private Senior Institutions	Ratio Private To Public	Current Dollars	Constant Dollars (1967 dollars)
1968-69	$338	$1,094	3.2	$ 756	$726
1969-70	362	1,227	3.4	865	788
1970-71	413	1,356	3.2	938	807
1971-72	436	1,467	3.4	1,031	850
1972-73	466	1,555	3.3	1,089	869
1973-74	454	1,626	3.6	1,172	881
1974-75	474	1,726	3.6	1,252	848
1975-76	493	1,674*	3.4	1,181	733
1976-77	501	1,795*	3.6	1,294	759
1977-78	538	1,822*	3.4	1,284	707
1978-79	544	1,911*	3.5	1,367	700
1979-80	560	2,080*	3.7	1,520	702

*Adjusted for Legislative Tuition Grants of $200 in 1975-76 and 1976-77, $300 in 1977-78, $400 in 1978-79, and $475 in 1979-80.

Source: Adapted from University of North Carolina Statistical Abstracts.

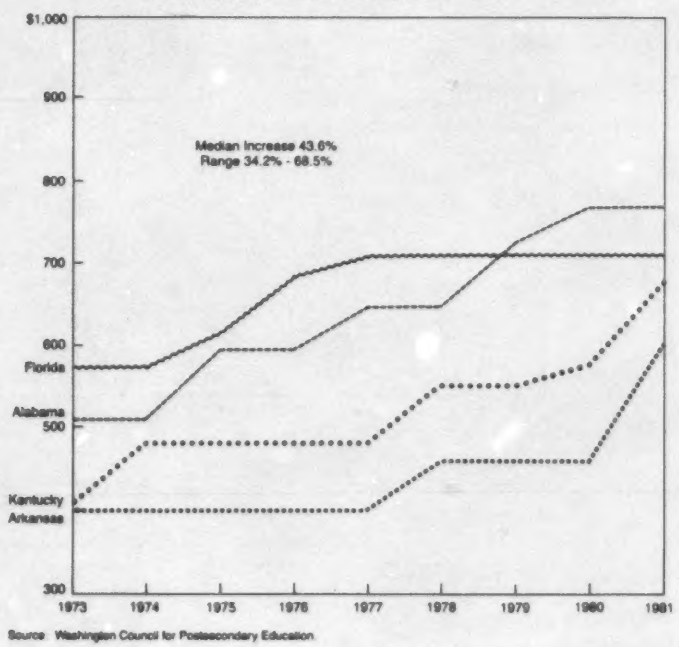
TRENDS IN ADJUSTMENT OF TUITION AND FEES

A variety of issues are currently being discussed pertaining to the subject of tuition and fees at public institutions of higher education but, for the most part, they boil down to questions about increases in fees--How much increase? Which programs to increase the most? How often to increase charges?

It has been suggested that many problems associated with the subject of tuition determination might be alleviated simply by regularizing the pattern of increase. Figures 3, 4, and 5 illustrate how the Southern states have differed in terms of the frequency with which tuition changes occur. In one group of states, tuition changes have occurred at the major university only three or four times since 1973 (Figure 3). Another group shows

FIGURE 3

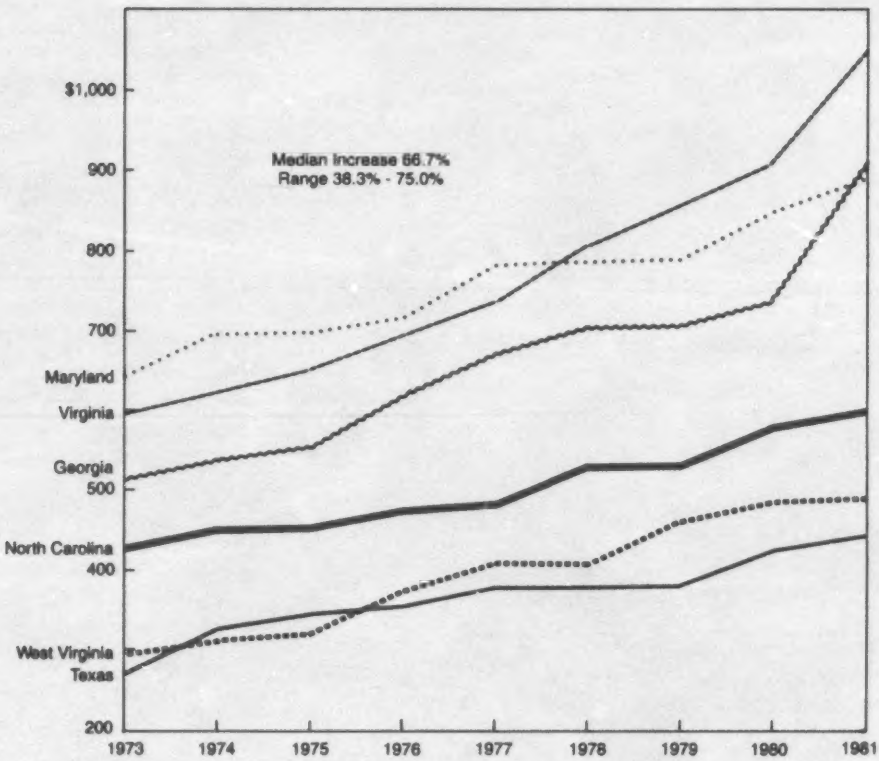
Resident Undergraduate Tuition and Fees, Public Universities in SREB States With Histories of Infrequent Fee Adjustments, 1973-1981



Source: Washington Council for Postsecondary Education

FIGURE 4

Resident Undergraduate Tuition and Fees, Public Universities, SREB States
With Histories of Frequent Fee Adjustments, 1973-1981



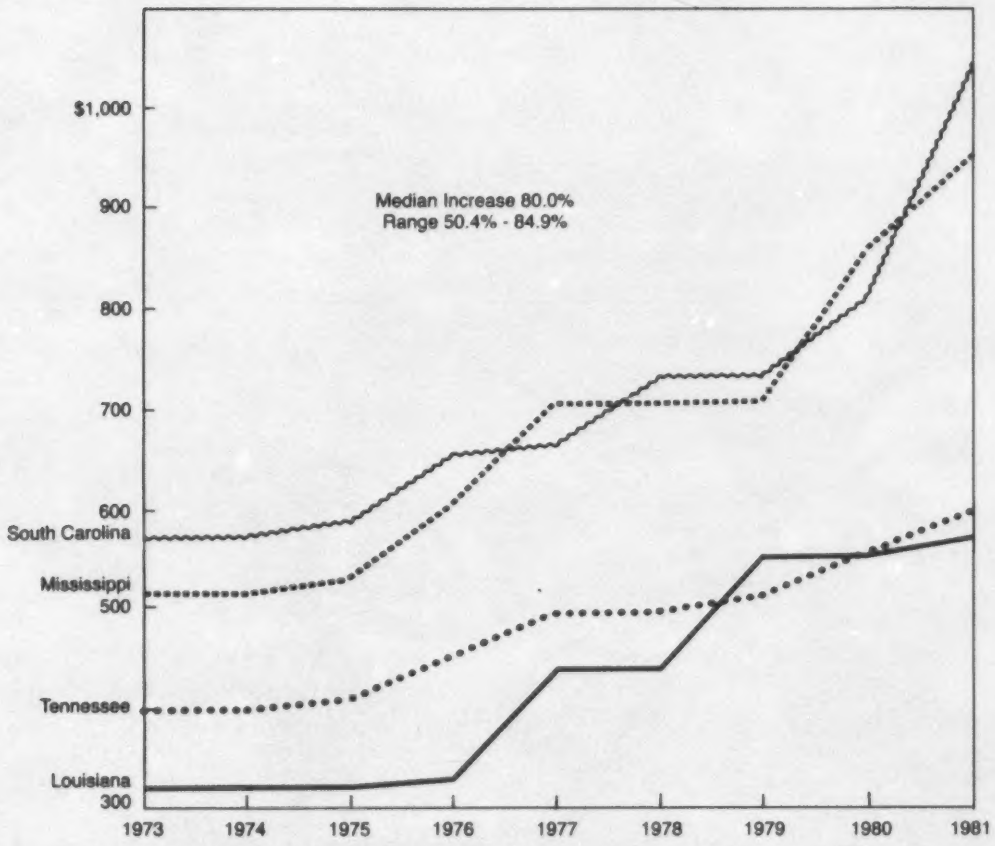
Source: Washington Council for Postsecondary Education.

seven or eight increases per state in the same period of time (Figure 4), while a third group is intermediate in number of changes (Figure 5). The group where change has come least often exhibits the lowest average increase in tuition and fees over the period shown. However, the group where change is most frequent shows a considerably smaller average increase than the intermediate group.

Whatever conclusions may be justified by these displays, they reveal a broad variation in adjustment practices which cuts across categories of states according to who sets fees--be it institutional or system boards

FIGURE 5

Resident Undergraduate Tuition and Fees, Public Universities, SREB States
With Histories of Intermediate Frequency in Fee Adjustments, 1973-1981



Source: Washington Council for Postsecondary Education.

(as in Alabama, Arkansas, Louisiana, Maryland, South Carolina, Tennessee, Virginia), be it central boards (Georgia, Kentucky, Mississippi, North Carolina, West Virginia), or be it legislatures (Florida, Texas).

The question of who sets the fees may depend decreasingly on what the statutes say. Institutions and control boards, less and less, can "add on" revenues from tuition increases after legislative appropriations, because legislatures increasingly "add in" tuition-increased revenues when budgets are approved.

TUITION POLICY

When the 50 state higher education agencies were queried recently on whether their respective states have an established policy for determining tuition levels, 33 of them replied negatively, including 11 SREB states.* The perception of what constitutes "formally approved or traditional practice" (the definition of "established policy") may be somewhat ambiguous. In the final analysis, most of these 33 states, regardless of where tuition is eventually determined (institution, board, legislature), exemplify the historical operations of the political marketplace; thus, tuition may turn out to be essentially the difference between what the institutions claim to need and what state government appropriates. In about one out of four states which adhere to "no policy," it was indicated that possible changes from that position were being considered at the time of the survey. On the other hand, almost all states which claim to follow a definite policy appear to be satisfied with existing practice.

While several of the states included in the column of "an established policy" describe that policy as involving some combination of "specified considerations," other states were identified with three unique rationales of policy: (1) tuition related to an external yardstick, (2) tuition as a proportion of institutional costs, and (3) tuition based on peer group or benchmark comparisons.

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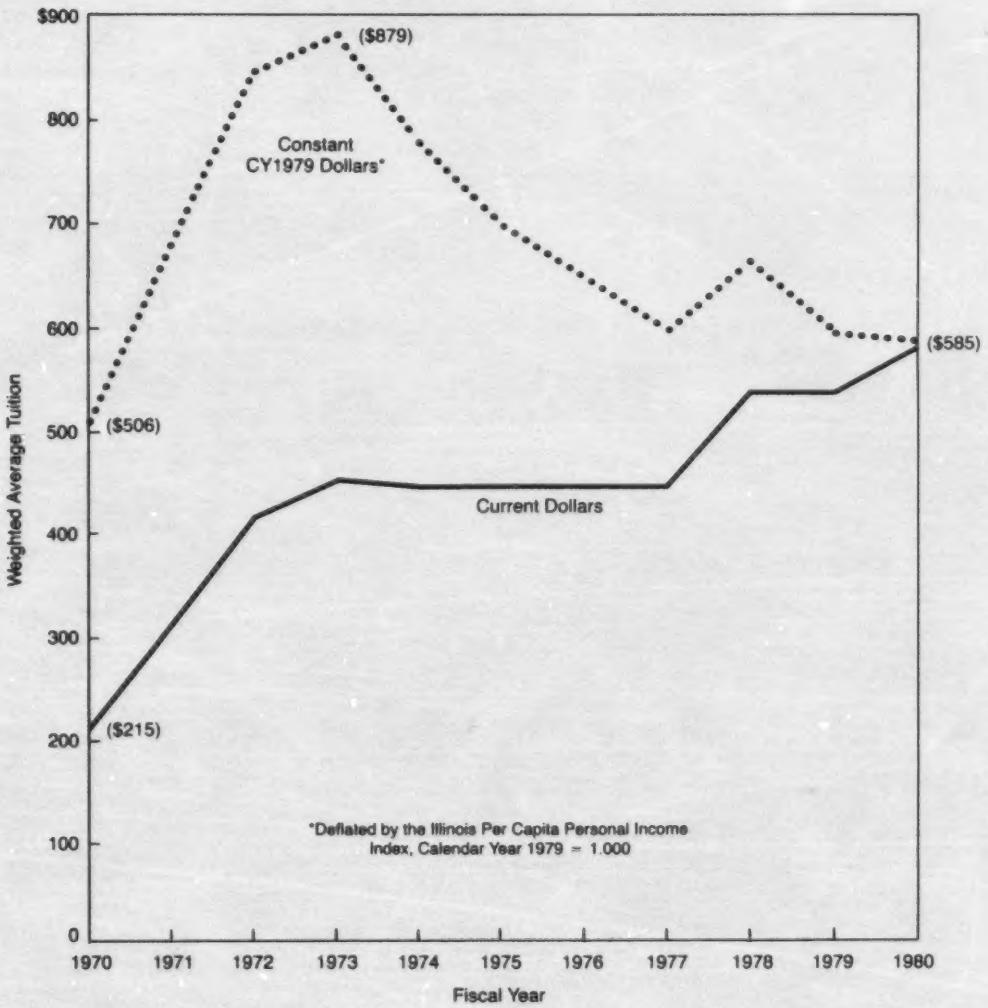
*Western Interstate Commission on Higher Education survey.

Tuition Related to an External Yardstick

A reason for acceptance of a tuition policy which assures that perodic adjustments in levels are implemented is illustrated by the experience of the state of Illinois. After a period of four years without adjustments in tuition, a "catch-up" increase of 20 percent was applied in 1978 (Figure 6).

FIGURE 6

Weighted Average Undergraduate Tuition in Illinois Public Universities, 1970-1980



Source: Illinois Board of Higher Education.

> In effect, students were forced to deal with a justified, but nevertheless abrupt shift of policy; tuition had been declining relative to incomes and the cost of other goods and services, but it was suddenly increased at a rate greater than the rate of inflation. Universities will benefit if a more stable pattern of tuition charges can be achieved, and students will not be forced to deal with an unpredictable policy [emphasis added].*

The policy which accordingly was adopted by the Illinois Board of Higher Education in 1979 to deal with future tuition adjustments is based on the judgment that tuition charged in FY 1980 by Illinois public universities "should be considered the standard for future years." The only element in future tuition determination is, therefore, a planned periodic adjustment to meet inflationary cost increases:

> The level of tuition charged in years following FY 1980 should be based on the current level adjusted for changes in costs as measured by the most recent calculation of the annual change in the Higher Education Price Index.**

Illinois is the only state which thus far has subscribed to application of the Higher Education Price Index (HEPI) in determining tuition. The use of an external yardstick, however, has long been espoused in principle.

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*Illinois Board of Education policy paper, November 6, 1979.

**Ibid.

For example, in 1972 the Tennessee Higher Education Commission, in its formulation of a tuition policy, called for levels of increase which would not exceed the rate at which per capita personal income increases. Another yardstick which has frequently been suggested is the Consumer Price Index (CPI). If HEPI accurately reflects changes in higher educational costs, a tuition policy based on that measure will presumably maintain tuition in a constant relationship to the costs of higher education, while other measures (such as CPI) would not be completely in phase with those costs.

Tuition as a Proportion of Institutional Costs

Although two SREB states, Florida and Virginia, have adopted the principle of fixing tuition as a proportion of institutional costs, only Virginia has made a consistent effort at implementation of such a policy. Its adoption of the policy came in 1976 under the name of the "70/30 Plan."

> This plan established as a goal that approximately 30 percent of each institution's educational and general (E&G) costs would be paid by its students. The remaining E&G costs would be financed by Federal funds, sales and services, State general funds, and miscellaneous revenues. This plan was instituted by the General Assembly in response to wide variations among the senior colleges in the percentage of cost paid by students. For instance, in the year before the plan's adoption, one state institution raised 40 percent of E&G cost from its students' tuition and fees while another raised only 25 percent. In the

interest of equity, the General Assembly established a schedule according to which each institution would move, over six years, toward a goal of 30 percent (Table 20). Those above 30 percent would be appropriated a smaller percentage of tuition and fees and thus a larger share of General Funds, while those below 30 percent would increase tuition and fees and thereby lower their share of General Funds. Assuming full implementation of 70/30, each senior institution will be at the 30 percent goal by the 1981-82 fiscal year.*

TABLE 20

"Progression of Tuition Toward 30 Percent" at Virginia Institutions, Beginning in 1976-77, for "70/30" Calculations

	1976-77	1980-81	1981-82
Old Dominion University	36.9%	31.5%	30.0%
University of Virginia	25.7	29.7	30.0
Virginia Commonwealth University	28.2	30.0	30.0
Virginia Polytechnic Institute and State University	24.2	28.7	30.0
College of William and Mary	36.3	31.2	30.0
Christopher Newport College	36.6	31.4	30.0
Clinch Valley College	22.3	28.6	30.0
George Mason University	35.3	30.8	30.0
James Madison University	30.3	30.0	30.0
Longwood College	32.6	30.5	30.0
Mary Washington College	43.2	32.6	30.0
Norfolk State University	24.1	28.9	30.0
Radford University	35.0	31.1	30.0
Virginia Military Institute	29.7	30.0	30.0
Virginia State University	30.1	30.0	30.0

Source: Virginia Council of Higher Education paper, "The 70/30 Plan."

Now in its fifth year of operation, the 70/30 Plan is well on its way to complete implementation. The major difficulties which have beset the

*The Virginia Plan for Higher Education, 1979.

plan have to do with differential student mix in terms of in-state and out-of-state enrollment at the various institutions, but these are thought to be correctable.

An "80/20 Plan" was later adopted for Virginia's Community College System, since distribution of funds at the community colleges is intended to provide for a greater contribution by the state.

Tuition Based on Peer Group Comparisons

Peer group comparison is a common practice in determining recommendations for faculty salaries. It is a device for expressing budget recommendations which is thought to be particularly effective with legislative and executive agencies. The application of the peer group or benchmark analysis to the formulation of tuition and fees has been adopted by the Kentucky Council on Higher Education and is currently followed in that state, although it is apparently the only state which explicitly follows such a policy. Until now, it has functioned primarily as a device for justifying increases in tuition. Once parity with peer groups is reached, it will be interesting to consider how well the method continues to serve the needs of higher education in the state of Kentucky.

SUMMARY AND CONCLUSIONS

Although there have been unusually large advances in tuition and required fees at public colleges and universities in the South in recent years, these have generally been in the nature of "catch-up" increases. Levels of tuition and fees have, on the average, not kept up with per capita personal income.

As a proportion of total costs to the average student at representative public senior institutions, resident undergraduate tuition and fees in public four-year institutions of the South range from 12 percent in a major state university in Texas to 33 percent in a "regional" college in Virginia.

In the United States, the proportion of instructional costs--broadly defined--which is supported by tuition and fees in the last four years has remained on a plateau of about 23 percent in universities, 19 percent in other four-year institutions, and 17 percent in two-year institutions. The level in the South has been significantly lower than the national share at universities, about equal at other four-year institutions, and somewhat higher in two-year institutions.

While increases in state-funded student financial aid are frequently called for in conjunction with tuition and fee advances, there is no visible pattern of correspondence between relative levels of tuition and volume of student financial aid provided in the respective states. On the other hand, some contend that tuition and fees have been systematically raised in the United States as a whole as a direct response to the availability of federal dollars for student financial aid.

Ratios of non-resident to resident tuition and fees are generally in the neighborhood of three to one. Graduate tuition and fees in the South, unlike [illegible]e in the nation, differ relatively little from undergraduate tuition and fees. Professional education differentials are somewhat greater. However, some states are moving toward greater differentials between undergraduate and advanced education in general.

While the tuition gap between public and private institutions has grown in current dollar terms, the ratio of private to public tuition and fees has not widened nearly as much as may be generally supposed and today still averages about four or five to one.

Many higher education agencies frankly say there is no established tuition policy in their state, although it is clear that tuition, on the average, has remained at a remarkably uniform level vis-a-vis the cost of institutional operations. In more and more states, determination of tuition has become a de facto function of state government funding, whether or not the legislatures have actual statutory authority for the setting of fees. In this atmosphere of state government initiatives, it is natural that many states in the nation are moving toward systematic regularization of tuition determination.

In some states periodic reviews and analyses of tuition practice are conducted to facilitate fee revisions. At least one state in the Southern region--Kentucky--follows a practice of benchmarking tuition and fees to the levels charged by selected peer groups of institutions in other states.

A few states have initiated the determination of tuition by an agreed-upon yardstick which provides the means for withdrawing the tuition issue from the arena of political debate and offering greater equity in the distribution of increasing costs. This can be based upon an external measure, as in Illinois, where the Higher Education Price Index (HEPI) of the National Institute of Education is accepted as a guide to costs. Determining periodic tuition increases on an internal yardstick may also be employed, as in Virginia, which has been an outstanding proponent of making level of tuition dependent on costs. Other states using such an internal yardstick, variously defined in terms of educational or instructional costs, are Arizona, Colorado, Kansas, Maine, New Jersey, Ohio, Oklahoma, Oregon, Wisconsin, and Washington; all apply this principle at the resident undergraduate level. In several other states such indexing is practiced, but only for the fixing of non-resident fees, usually at parity with the full costs of instruction.